

COLLETTE CAPITAL

COLLETTE CAPITAL WHOLESALE IMA STRATEGY

NOVEMBER 2020

THE STRATEGY

The investment objective of the Collette Capital Wholesale IMA strategy (the Strategy) is one of absolute returns irrespective of prevailing market conditions. The exposure set may skew net long or net short.

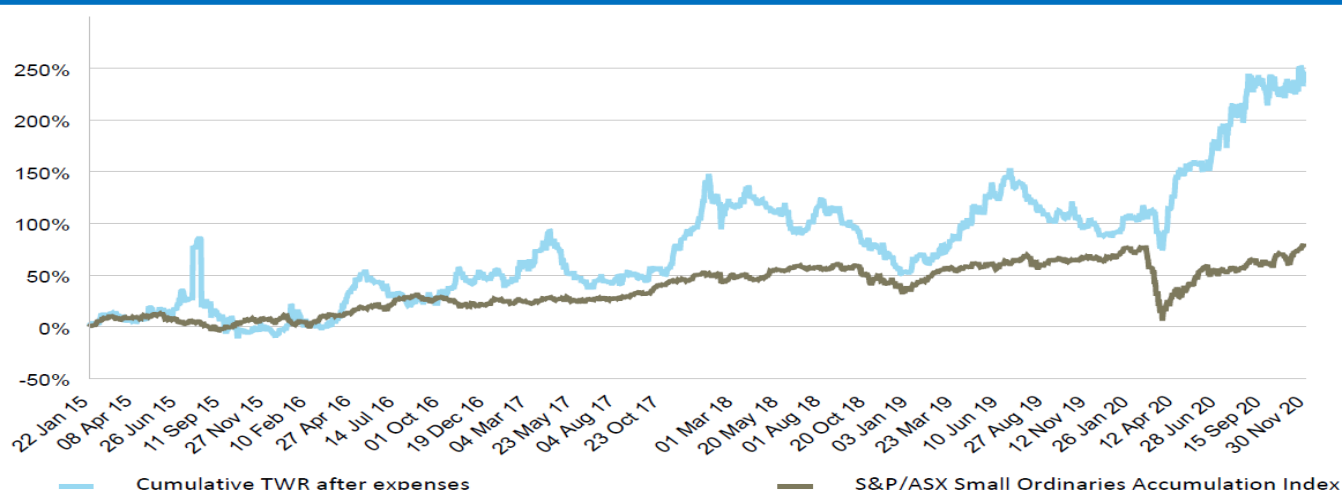
Macro-economics, fundamental research, and technical rationale (price action) are all inputs into the decision making process of the Strategy.

In all instances the client remains the beneficial owner of all positions.

An IMA or Individually Managed Account is an account service where all investment decisions are outsourced to the manager.

PERFORMANCE

Returns over time



Disclosure:

Performance is un-audited and is based on an actual client account which began in the IMA service on the 22 January 2015.

Percentage returns have been calculated using the Time Weighted Return (TWR) method.

The Time Weighted Return (TWR) method allows the calculation of returns according to the amount invested on any given day – excluding cash.

Please see page 3 for further information on TWR.

PERFORMANCE FIGURES

Through the month of November versus the ASX Small Ordinaries Accumulation Index (XSOAI), net of all costs.

	Nov	FY21	FY20	FY19	Inception p.a.
CC Wholesale IMA Strategy	+4.19%	+27.11%	+8.62%	+29.83%	+23.63%
Small Ords Accumulation Index	+10.27%	+17.06%	-5.67%	+1.92%	+10.27%

PORTFOLIO MANAGER

STEVE COLLETTE
B.COM (FINANCE) / B.A., ADA2

Steve is in his 20th year in financial markets as both a portfolio manager and advisor. Steve was a founding member of Calibre Investments in 2010, now known as Sanlam, and founded Collette Capital in 2020.

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PORTFOLIO MANAGER'S COMMENTS

The Strategy recorded gains in the month of November of +4.19%.

The Strategy has now returned +23.63% per annum since inception in January 2015, net of all costs.

On a one-year basis, the Strategy has returned +78.68%, relative to an index performance of +5.98% over the same period.

These returns are all based on an actual client account that participates in the Strategy.

The U.S. election finally arrived in November, with market positioning going into the event ultimately exerting a disproportionate influence on market outcomes.

That is to say that significant short and hedging exposure that had been built up by professional money in the months that preceded the event, appeared to enhance positive price action in the days that followed, as almost all of the doomsday scenarios that had been considered, ultimately failed to play out.

Retail money again seemed to get 'the best of it', as has been the theme of the calendar year 2020. The final instalment in this narrative might be described as the emphatic break in Bitcoin above US\$20,000 per coin, despite that break largely being attributed to a new suite of institutional interest.

Whilst the performance of risk assets has certainly been impressive in the last few months, most of these categories are generally overbought on technical measures. To that extent, a degree of caution, especially when putting new money to work, is warranted.

The moves that we have seen so far this calendar year continue to reinforce the central idea that - whilst any number of narratives will always be available to engage in that seek to explain what is happening in the market - ultimately we can only ever trade in 'price'.

Price has no knowledge of the narratives that supposedly explain it, and so rigour around this input, and the management of risk strictly thru this prism, is the foundational pillar upon which the Strategy operates.

The Strategy's most preferred exposures involve a modest starting point or EV, good management given that small starting valuation, and most importantly a business that is engaged in or aspires to engage in a pursuit with a potentially unquantifiable upside.

KEY INFORMATION

Risk Rating	High
Benchmark	ASX Small Ords Accumulation Index
Inception Date	22 January 2015
Management Company	Collette Capital Pty Ltd
Portfolio Manager	Steve Collette
Management / Performance Fees	Nil
Brokerage Fees	\$75 or 0.5%, whichever the greater
Clearing Agent	FinClear Execution Limited
Reporting	Praemium Limited (\$300.00 per annum + GST)

Additional Disclosure with reference to TWR method of calculating return:

The Time Weighted Return (TWR) method allows the calculation of returns according to the amount invested on any given day – excluding cash.

In so doing it does not take into effect the amount of any cash that the client or account is holding on any given day.

This has the effect of amplifying stated positive or negative returns relative to dollar outcomes in any period where the client is not 100% invested and so is holding no cash.

In simple terms, this means that if the client offers an investment of \$300k in the Strategy and has a stated return of 15% over a given period net of all costs but has only averaged 50% drawn down (50% cash), then the return will have been +\$22,500 as opposed to +\$45k for that period.

However, the opposite would also be true if the stated return were -15% under TWR, the loss will have been -\$22,500 as opposed to -\$45k for that period.

The TWR method is used in calculating returns for Collette Capital Wholesale IMA Strategy because the client account upon which the reporting is based has historically settled to an external bank account.

Incoming clients should know that use of the TWR method in their instances will take into account any cash on deposit at CMA, as all incoming clients are required to have excess funds on deposit at CMA.

A detailed explanation of the TWR method for calculating returns is available here:

<https://au.praemium.help/home/twr-percentage-return-calculations-in-the-investment-movements-report>

All trades that have contributed to the stated return are available upon request.

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